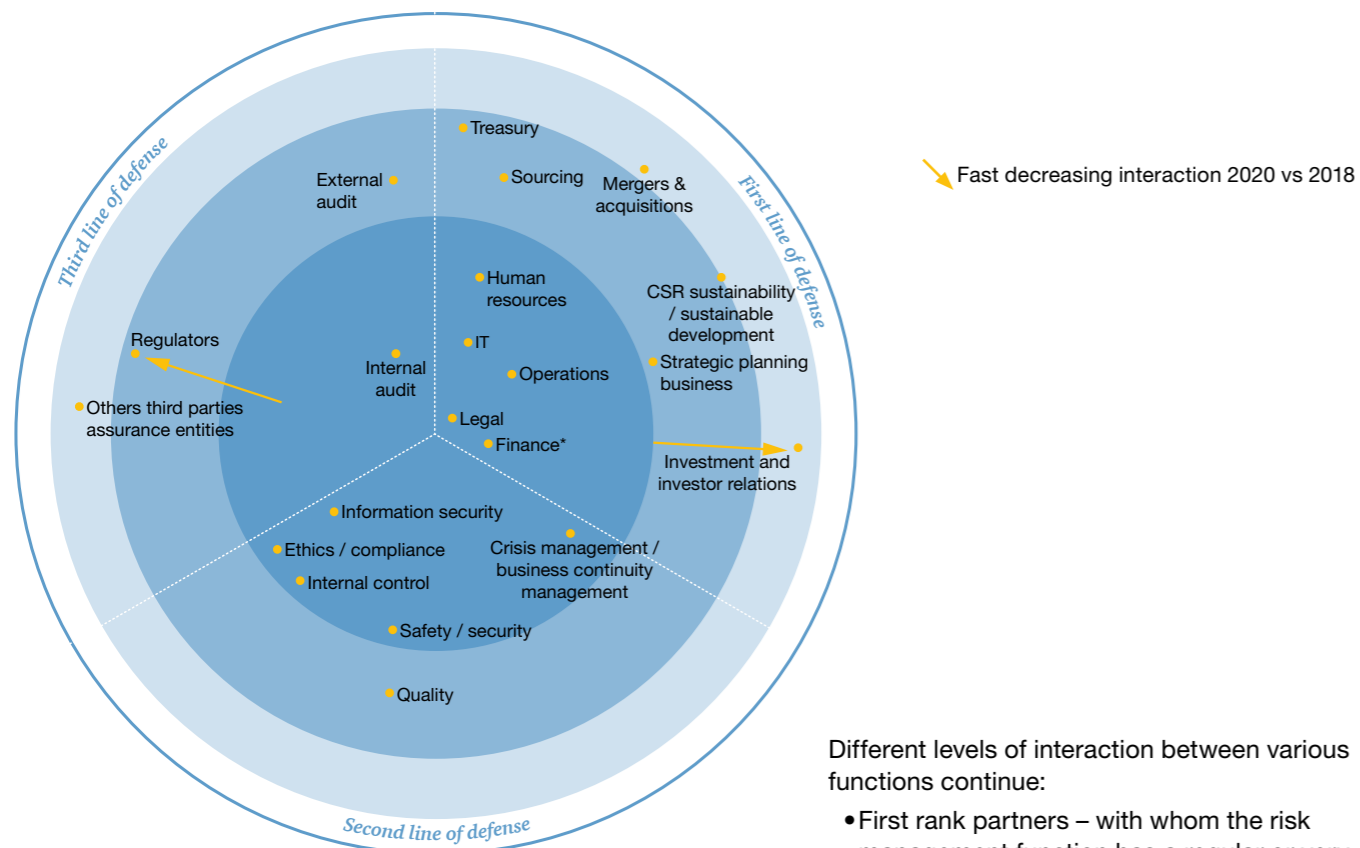


Part V: The risk manager's presence and interaction within the organisation

Levels of interaction with the 3 lines of defence



Different levels of interaction between various functions continue:

- First rank partners – with whom the risk management function has a regular or very close relationship, based on a clear mandate;
- Second rank partners – with whom the risk management function has a more distant relationship and occasional collaboration;
- Third rank partners – with whom relationships can be improved, as there is little or no relationship or involvement.

* Finance includes first line activities as accounting and reporting as well as financial control which is part of the second line.

Development of the impact of other risk-related functions on the risk manager's role

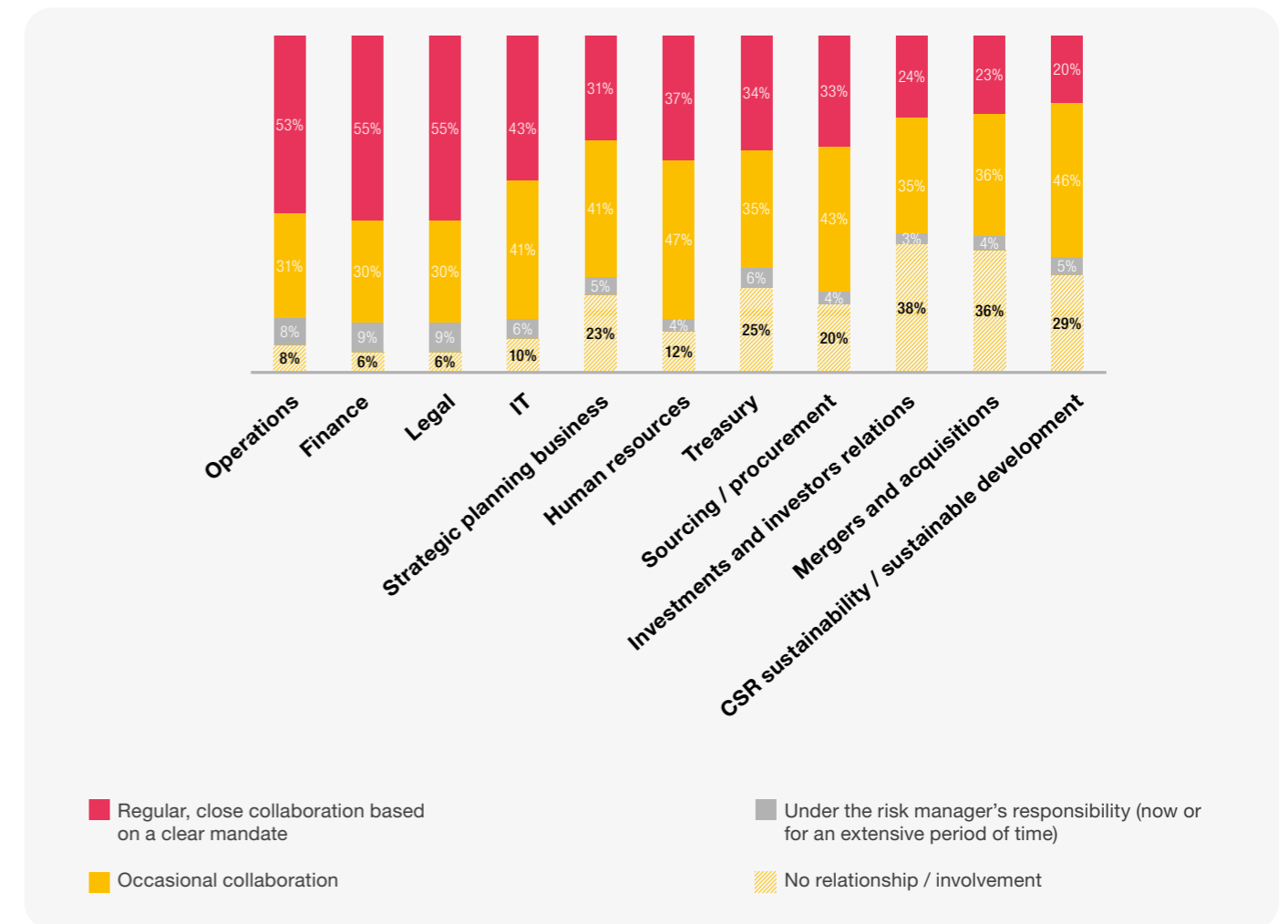
61%

of risk managers interviewed act as a risk conductor within their company consolidating information from other risk-related functions to give a clear and comprehensive view to the top management

Connections and collaboration with all lines of defence are essentially stable. Compared to 2018, slightly more risk managers think that the development of other risk-related functions (compliance, data, cybersecurity, safety and security, etc.) has no impact on their role (19% in 2018 against 22% today). At the same time, 13% of respondents indicate that the risk manager is losing control over specific areas of risk, little changed since 2018.



The first line of defence: collaboration with finance, legal, operations and IT remains important

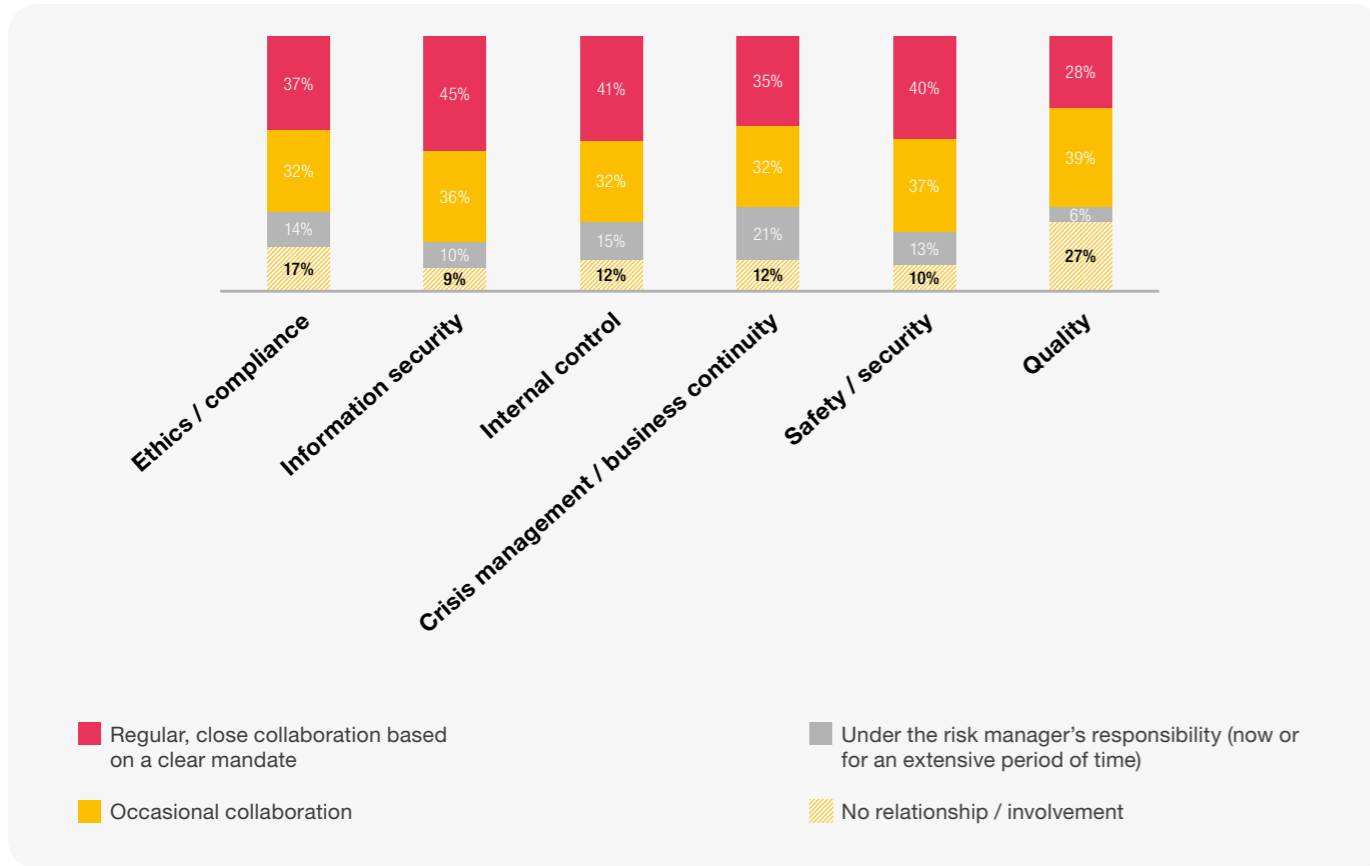


Risk managers in Europe have well-established relationships with operations, finance, legal and IT. The proportion regularly or occasionally interacting with them has stabilised at a high level (around 85%).

More generally on average, 75% of risk managers have regular or occasional relationships with the first line of defence.

2

The second line of defence: close relationships continue

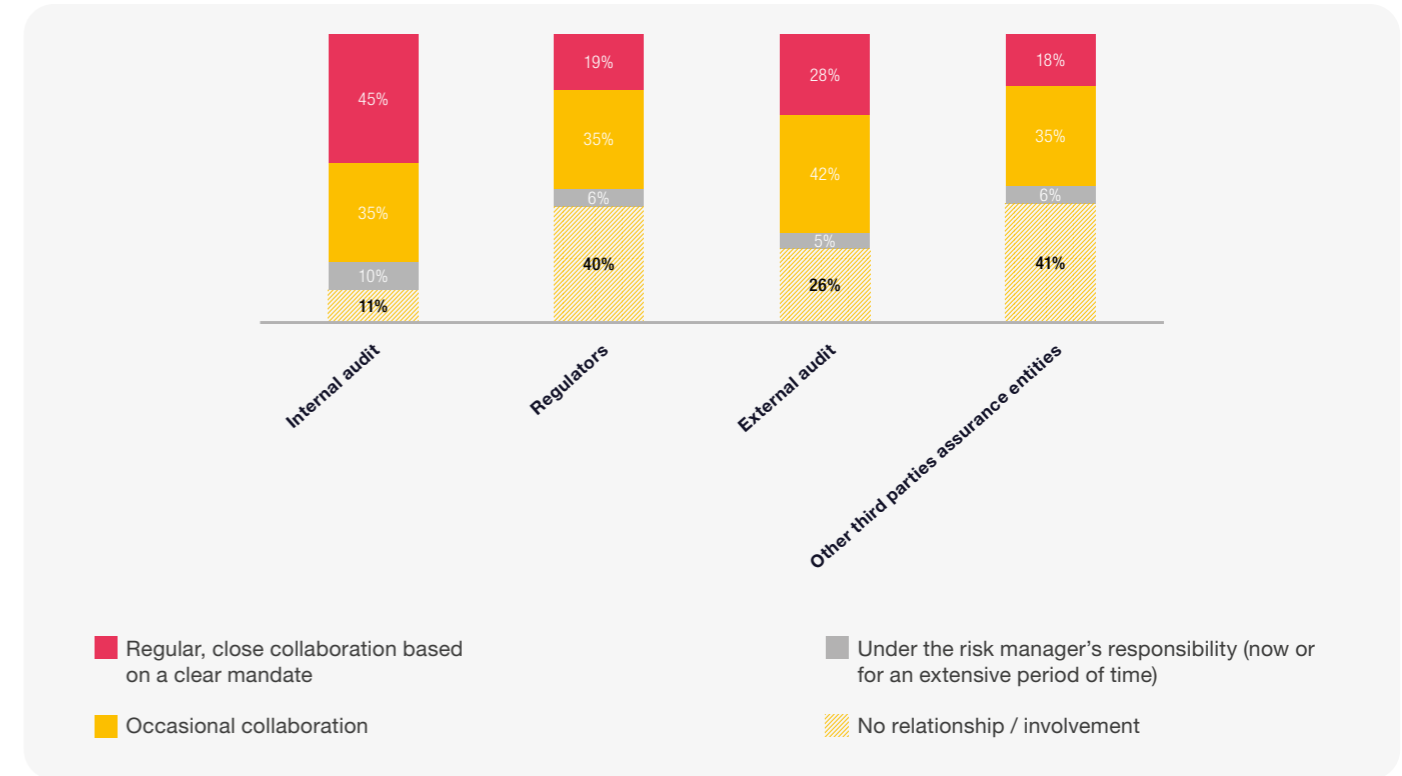


A reinforcement of the relationships with ethics and compliance and information security was expected, as a result of regulations such as the Non-Financial Reporting Directive and the General Data Protection Regulation (GDPR). However, this does not emerge from the survey.

Risk managers saying that they have occasional collaboration with these functions is unchanged, but regular and close collaboration appears to have diminished.

3

The third line of defence: relationship with internal audit is strong



Internal audit remains an important partner for the risk manager to provide assurance of the effectiveness of the mitigation plans.

The risk manager's presence at a strategic level of the organisation

The risk management function is usually located at head office level. This situation not only enables risk managers to have a global vision of the whole organisation, but also to have access and interaction with other functions as required, and with most of the top management.

Three-quarters of risk managers assess strategic risks, unchanged since 2018, but some have assumed significantly more strategic responsibilities:

74% (76% in 2018) of risk managers assess risks that could affect the relevance and viability of their organisation's strategy and objectives.

60% (47% in 2018) of risk managers assess risks related to the different strategies considered during its strategy definition.

59% (41% in 2018) of risk managers assess risks related to the non-alignment of their organisation's strategy with its mission, vision and core values.

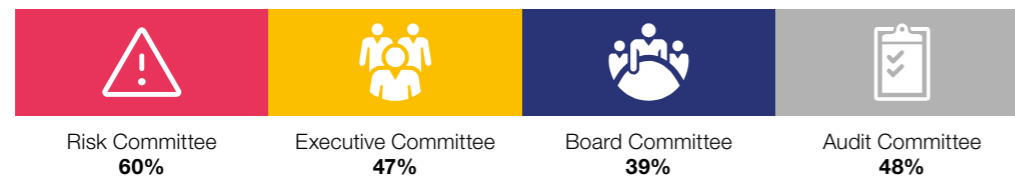
| Reporting and representation

In 2020, only 8% of the risk managers say that there is no mechanism in place to formally report about risk management, and the same proportion say that they do not have any contact with the CEO. **44% of the respondents can contact the CEO directly** and 28% indirectly through their superior.

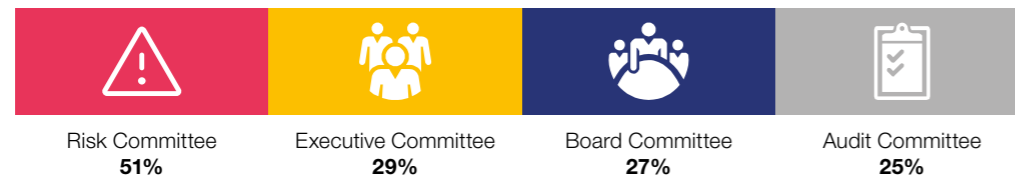
There is no significant difference between ERM and IM risk managers. However, 64% of ERM managers formally present to the Board of Directors and/or top management several times a year while it is only 22% of IM managers.

Overall, ERM profiles are more represented on top level committees, and significantly more on audit committees, than IM profiles.

| ERM managers represented on



| IM managers represented on



| ERM/IM managers represented on

